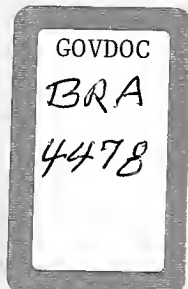


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A Guide to State Housing Resources

Massachusetts Housing Partnership

Michael S. Dukakis, Governor

October 1988



PRIVATE RENTAL HOUSING PROGRAMS

| NAME OF PROGRAM | SHARP (State Housing Assistance for Rental Production) | TELLER (Tax-Exempt Local Loans to Encourage Rental Housing) |
|-------------------------------|--|--|
| SUMMARY/ DESCRIPTION | Encourage the development of mixed-income rental housing through interest write-down of MHFA mortgages to as low as 5%. Permanent financing for construction of mixed-income rental housing. | Financing to produce mixed-income rental housing. Encourages the development of mixed-income rental housing by allowing local housing authorities to issue tax-exempt bonds to loan to qualified developments. |
| HOUSEHOLDS TO BE SERVED | Developers must set-aside at least 25% of the units for households with incomes less than 80% of the median area income. | At least 20% of units rented to households with incomes less than 50% of area median or at least 40% of units to households with incomes below 60% of area median. |
| TYPE OF HOUSING TO BE CREATED | Development may be new construction/substantial rehabilitation/adaptive reuse. Variety of housing types and unit sizes. | Developments may be new construction/substantial rehabilitation of rental housing. Variety of housing types and unit sizes. |
| ELIGIBLE APPLICANTS | Non-profit or private limited dividend developers. Special set-asides for partnership communities. | Non-profit or private limited dividend developers. Special funding consideration for partnership communities. |
| ADDITIONAL REQUIREMENTS | Equity participation by general partners. Acceptable site. Must meet MHFA underwriting requirements. Provision for long term or permanent affordability. | Low/moderate income rents plus utilities must not exceed 15% of area median income (or 18% of area median in projects where 40% of units are set aside for households with incomes below 60% of the area median). Development must remain rental, with 20% or 40% of the units reserved for low-income households for at least 15 years. Market tests apply for market units. State-wide bond allocation limits apply. |
| FINANCING MECHANISMS | MHFA permanent mortgage loan, 30 year term, at 1-2% below conventional rates. SHARP operating subsidy loan to reduce operating costs in early years of project. Interest subsidy declines over time. | Tax-exempt bond funds loaned to development are backed by mortgage. Below market interest rates, generally 1.5 - 2 points below conventional mortgage rates. |
| APPLICATION PERIOD | Annual competitive funding rounds. | Developers may apply to local housing authorities at any time. Housing authority applies to EOCD for allocation of authority to issue tax-exempt bonds. |
| ADMINISTERING AGENCIES | Massachusetts Housing finance Agency, Massachusetts Housing Partnership, Executive Office of Communities and Development. | Local housing authorities, Executive Office of Communities and Development. |
| HOW TO APPLY | Contact MHFA for application and application dates. | Contact local housing authority or TELLER staff at EOCD. |

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PRIVATE RENTAL HOUSING PROGRAMS

(continued)

| NAME OF PROGRAM | Rental Development Action Loan Program (R-DAL) | Housing Innovations Fund (HIF) |
|-------------------------------|---|--|
| SUMMARY/ DESCRIPTION | Encourage the development of mixed-income rental housing and limited equity cooperatives. The total award per unit will be the least amount of assistance necessary to achieve financial feasibility; funding will be the last money into a development. Availability of subsidies to be determined by EOCD. | Creation of innovative/alternative forms of mixed-income/affordable housing for low-income persons and families. To assist and maintain existing forms of housing and to create new forms of housing. |
| HOUSEHOLDS TO BE SERVED | Developers must set-aside at least 25% of units for households with incomes at or below 80% of area median. | At least 50% of the units must be available to low-income households. |
| TYPE OF HOUSING TO BE CREATED | Development may be new construction/substantial rehabilitation/adaptive reuse. Variety of housing types and unit sizes. | New construction, rehabilitation or adaptive reuse; and preservation of existing units. Limited equity cooperatives, mutual housing, single room occupancy projects, or other alternative forms of housing that involve unusual or specialized management or social services for resident populations with special needs. |
| ELIGIBLE APPLICANTS | Non-profit or limited dividend developers. Special consideration for projects supported by local housing partnerships. | Local housing authority or community development corporation as developer/sponsor or as cosponsor with other non-profit developer(s). |
| ADDITIONAL REQUIREMENTS | Provide rental housing or limited equity cooperatives. Project to contain at least 25% lower-income, family-size (i.e., at least 2-bedroom) units guaranteed affordable in perpetuity. Must contain at least 50% two or more bedroom units; alternative sources of funds must have been exhausted or inappropriate; and R-DAL must be necessary to achieve financial feasibility. | At least 50% of units must be reserved for low income households; of these, at least half must be reserved for households with incomes below 50% of the area median. The project must require special financial assistance not available from other existing sources. |
| FINANCING MECHANISMS | The loan program will provide 3 types of loans: Operating Subsidies, Acquisition and Extraordinary Infrastructure Loans (Development Loans) and Credit Enhancement Loans (for Credit Enhancement Loans only non-profits are eligible). EOCD provides loan underwriting. In some cases, may be used in conjunction with SHARP. | HIF program components are designed to leverage financing from other public and private sources. HIF financing will provide an initial commitment of funds that will enable a sponsor to secure the balance of financing needed. |
| APPLICATION PERIOD | Periodic competitive funding rounds to be announced. | Applications are accepted on a periodic basis and involves three steps: (1) Formal inquiry that is submitted to EOCD to determine eligibility; (2) Preliminary Application that is submitted to CEDAC to determine project feasibility; and (3) Final Application demonstrating firm financial commitments to develop and operate the project. |
| ADMINISTERING AGENCIES | Executive Office of Communities and Development | Executive Office of Communities and Development, Community Economic Development Assistance Corporation |
| HOW TO APPLY | Contact R-DAL staff at EOCD for application and schedule. | Contact HIF staff at EOCD for application information and schedule |

| RENTAL HOUSING PROGRAMS (continued) | | HOMEOWNERSHIP PROGRAMS |
|--|--|--|
| NAME OF PROGRAM | Housing Development Support Program (HDSP) | Homeownership Opportunity Program (HOP) |
| SUMMARY/ DESCRIPTION | Funded through the Massachusetts Small Cities Program, this program provides funds to assist in the rehabilitation, creation and retention of mixed-income/affordable housing, primarily rental housing. | Program combines low interest rate mortgage financing, state subsidies and local contributions as an incentive for developers to construct mixed-income homeownership developments. |
| HOUSEHOLDS TO BE SERVED | At least 51% of the project units must benefit low and moderate income households or individuals with incomes at or below 80% of the area median. | At least 30% of the units in each proposed project must be affordable: Minimum 5% of total units must be offered to the local housing authority to purchase for rental to low-income families (households with incomes at or below 64% of area median). Remaining affordable units (usually 25% of development) are offered to first time home buyers with target income below 80% of area median. |
| TYPE OF HOUSING TO BE CREATED | Rehabilitation, conversion and (under some circumstances) new construction of housing for low and moderate income households. | New construction. Adaptive reuse or substantial rehabilitation is sometimes allowed. Homes and condominiums. Single family detached is preferred. Requirement that 50 percent of the affordable units be 3 bedroom units or larger. |
| ELIGIBLE APPLICANTS | Cities and towns of less than 50,000 population which are not "entitlement communities" under the Federal Community Development Block Grant Program. | Non-profit developer, community development organization, community, or private developer. |
| ADDITIONAL REQUIREMENTS | Funds may only be spent on eligible activities as defined by the U.S. Department of Housing and Urban Development and EOCD. | Priority to projects with strong local support, high affordability, and strong development team. Evidence of market demand is essential. |
| FINANCING MECHANISMS | EOCD awards communities grants to carry out specific approved activities which may involve a variety of locally designed mechanisms ranging from grants to loans, including deferred payment loans. | MHFA provides reduced-rate mortgage loans (as low as 8.5%) to eligible first-time home buyers. MHP provides additional subsidy loan to further reduce the interest rate. EOCD provides grants to local housing authorities to purchase units for rental to low income families. Some additional funds are available for technical assistance and infrastructure costs. |
| APPLICATION PERIOD | Applications are presently being accepted on a continuous basis. | Periodic competitive funding rounds to be announced. Discretionary funding available on a limited basis to projects meeting special criteria. |
| ADMINISTERING AGENCIES | Executive Office of Communities and Development | Massachusetts Housing Partnership, Massachusetts Housing Finance Agency, Executive Office of Communities and Development. |
| HOW TO APPLY | Contact EOCD's Municipal Division for further information. | Contact MHP for application and program requirements. |

PUBLIC HOUSING PROGRAMS

| NAME OF PROGRAM | CHAPTER 705: FAMILY HOUSING | CHAPTER 667: ELDERLY HOUSING |
|-------------------------------|--|--|
| SUMMARY/ DESCRIPTION | Program provides funds to local housing authorities to develop or acquire new rental housing units for low-income families. Housing authorities are awarded development funds to construct or purchase units. Housing authority manages units when completed, with state operating subsidy. Scattered site or small developments of duplex buildings are most typical. | Program provides funds to local housing authorities to develop new rental housing units, including congregate or group home facilities, for low-income elderly households. Housing authorities are awarded development funds to construct or purchase new units. Housing authority manages units when completed, with state operating subsidy. |
| HOUSEHOLDS TO BE SERVED | Initial eligibility: Families (2+ persons) with incomes at or below 64% of area median. Target population consists of those paying more than 25% of their income for rent. | Initial eligibility: Elderly individuals or households with elderly person 65 years or older with incomes at or below 64% of area median. Target population consists of those paying more than 25% of their income for rent. |
| TYPE OF HOUSING TO BE CREATED | New construction preferred. Substantial rehabilitation occasionally allowed. Condominium acquisition permitted. 12-unit minimum project size, 24 unit maximum. Units are multi-bedroom with preference for 3 BR or larger. Scattered site, single family detached or townhouse duplex developments preferred. | New construction or adaptive reuse. Substantial rehabilitation occasionally allowed. Condominium acquisition permitted. Usually 40-unit minimum project size. Units are either all 1-BR or mixed 1-BR and congregate units. |
| ELIGIBLE APPLICANTS | Local housing authorities | Local housing authorities |
| ADDITIONAL REQUIREMENTS | Program favors donated or inexpensive sites. | Application for 667 units must include application for 705 family housing development and commitment to apply for chapter 689 special needs housing. Program favors donated or inexpensive sites. |
| FINANCING MECHANISMS | EOCD awards grants to local housing authorities for project planning and capital development expenses. Maximum development cost of \$95,000 per 3-bedroom unit. | EOCD awards grants to local housing authorities for project planning and capital development expenses. Maximum development cost of \$60,000 per 1-bedroom unit and \$45,000 per congregate bedroom unit. |
| APPLICATION PERIOD | Periodic competitive funding rounds to be announced. | Periodic competitive funding rounds to be announced. |
| ADMINISTERING AGENCIES | Executive Office of Communities and Development | Executive Office of Communities and Development |
| HOW TO APPLY | Application sent to all local housing authorities. Contact EOCD for application information and requirements. | Application sent to all local housing authorities. Contact EOCD for application information and requirements. |

PUBLIC HOUSING PROGRAMS

(continued)

| NAME OF PROGRAM | CHAPTER 689: SPECIAL NEEDS HOUSING | PUBLIC HOUSING ACQUISITION |
|--------------------------------------|---|---|
| SUMMARY/ DESCRIPTION | Program provides funds to local housing authorities to develop new housing units for individuals of low income who require special design features and on-site services in order to foster independent living. Housing authorities are awarded development funds to construct new units designed for special needs population. Local housing authority and local human service provider agency coordinate management and provision of support services. | Local housing authorities may purchase units in a Home-ownership Opportunity Program (HOP) or other newly constructed development, including units made available through inclusionary zoning. |
| HOUSEHOLDS TO BE SERVED | Non-elderly, physically disabled, mentally ill or other persons with special needs with incomes at or below 64% of area median. Individuals (or families) in need of structured environment for improved living in lieu of a health care institution. | Households with incomes at or below public housing limits. See requirements for Chapter 705 program. |
| TYPE OF HOUSING TO BE CREATED | New construction preferred. Substantial rehabilitation occasionally allowed if no other alternative. Models include shared houses, shared or individual apartments, barrier free units or functionally accessible development. Units can be part of a larger development. | Single family buildings, duplexes or condominium units are allowed. Three bedrooms or larger units strongly encouraged. |
| ELIGIBLE APPLICANTS | Local housing authorities jointly with local human service provider agency. | Local housing authorities |
| ADDITIONAL REQUIREMENTS | Program favors donated or inexpensive sites. Must have local human service provider as sponsor and have approval by the Executive Office of Human Services. | EOCD must review building plans and condominium documents. Completed units inspected by local housing authority and EOCD as well as by a certified housing inspector. The purchase price must meet program guidelines and be substantiated by two independent appraisals. |
| FINANCING MECHANISMS | EOCD awards grants to local housing authorities to cover initial project planning and/or capital development costs. EOHS provides funding to local human service providers for needed support services on site. Housing authority and local service providers coordinate management of units. | EOCD awards grants to local housing authorities for purchase of units. Maximum acquisition prices apply per Chapter 705 program |
| APPLICATION PERIOD | Continuous. | For HOP or inclusionary zoning, local housing authority may apply for funds at any time. For other newly constructed units applications will be accepted during periodic funding rounds. |
| ADMINISTERING AGENCIES | Executive Office of Communities and Development, Executive Office of Human Services | Executive Office of Communities and Development, Massachusetts Housing Partnership |
| HOW TO APPLY | Contact EOCD for application, information and requirements. | Contact EOCD for application, information and requirements. |

